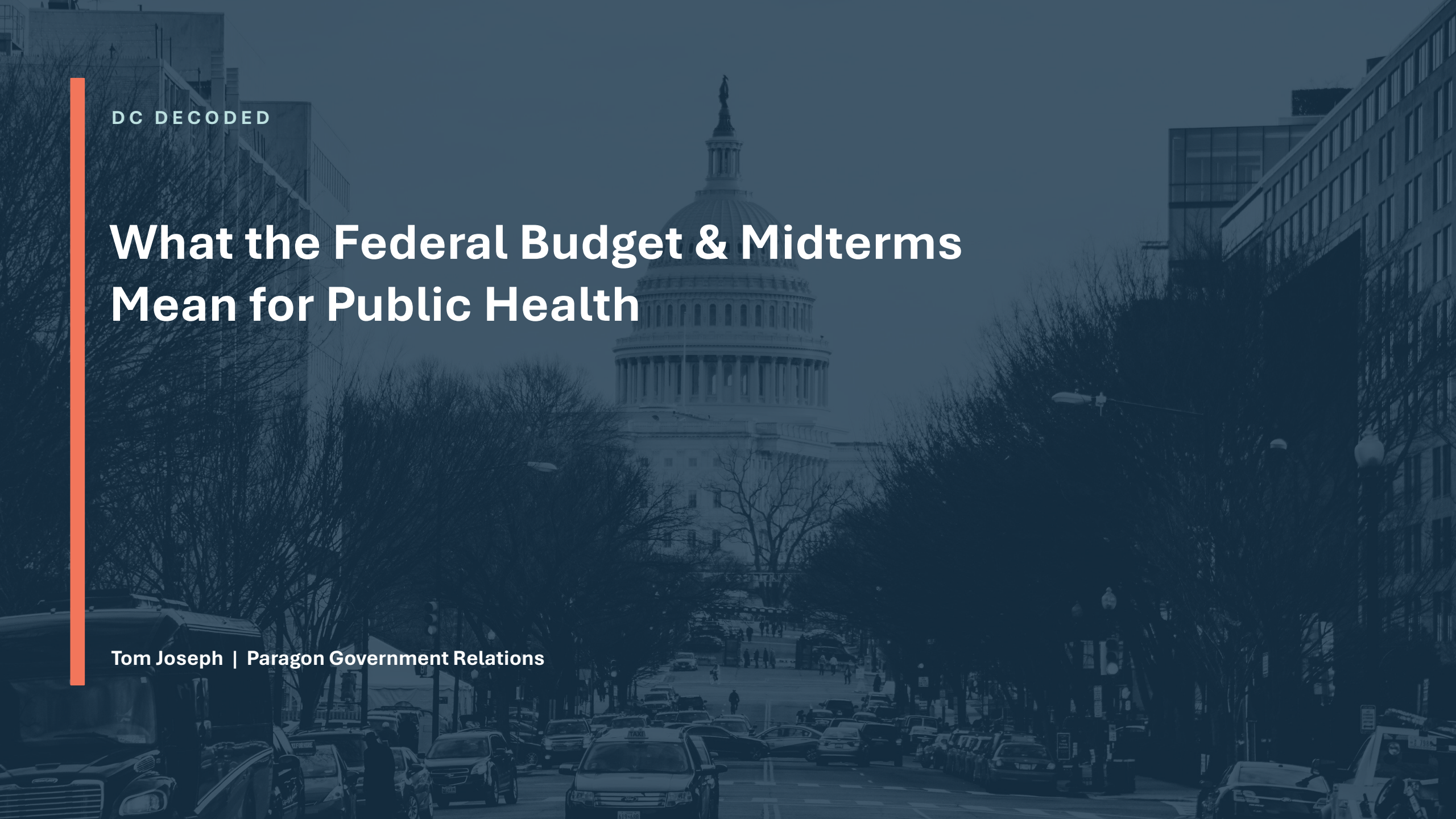




DC DECODED

What the Federal Budget & Midterms Mean for Public Health

Tom Joseph | Paragon Government Relations

Today's Presentation

Five issue areas shaping the public health operating environment

Budget & appropriations

H.R. 1 implementation

Regulatory news

Agency developments

Post-election outlook

Throughline

Federal funding decisions, implementation choices and election outcomes will shape program stability, oversight and operational risk.

FUNDING

IMPLEMENTATION

Federal Budget & Appropriations

A continuing resolution (CR) buys time, but elections shape the next decision point



CR through Dec. 11

- Federal government remains funded under the current stopgap.
- CR delays an OMB rule involving political appointees in funding decisions.



What's Next?

- House and Senate are in recess until after the elections.
- Election results will determine timing, spending levels, and other policy provisions.
- A final appropriations package requires 60 votes in the Senate.



Shutdown Chances Remain Low

- But another CR into the new Congress is possible.

Reconciliation 3.0

A powerful procedural vehicle with limited runway

50+1

Simple Senate majority pathway
for advancing partisan policy
goals

Requires adherence to specific
budgetary requirements

State of Play

Reconciliation 1.0 → **H.R. 1**
Passed July 2025

Reconciliation 2.0 → **Funding for
immigration enforcement**
Passed June 2026

Current Blueprint → **Defense
spending, farm relief**
Stalled in the Senate

Current constraints

No additional safety-net cuts or
spending offsets
Stalled in the Senate
Little time remaining

H.R. 1 implementation

Program changes are moving from statute to operations



CalFresh

Administrative cuts are now in effect.

Benefit Cost Shift

A delay in the cost shift is gaining federal attention, but action is stalled until the lame duck session.

Medi-Cal

Multiple cuts affect providers and participants.

Work requirements slated to take effect Jan. 1

Rural health grants

Funding obligations are due Oct. 31

Regulatory News

Public Charge

- Used by immigration officials when determining whether individuals legally present can adjust status
- Final rule greatly expands programs and types of assistance considered
- Provides broad discretion to the immigration official
- Permits consideration of past and potential future benefit receipt, including state and local assistance and by citizen family members
- California co-leading a multi-state coalition in filing a lawsuit; Santa Clara County & County and City of San Francisco part of concurrent legal challenge

Medicaid Work Requirements

- CMS decision to narrow definition of “medical frailty” significantly increases risk of coverage loss among eligible individuals
- To qualify for an exemption, medical condition must be proven to impair ability to work
- California co-leading a multi-state coalition lawsuit against the Interim Final Rule (IFR)

Agency News

Institutional disruption is creating uncertainty for guidelines, vaccines and coverage

Advisory Committee on Immunization Protocols (ACIP)

Court injunction stalls appointments
No meetings slated
Vaccine Integrity Project and four medical societies are making recommendations

U.S. Prevention Services Task Force (USPSTF)

No meetings since March 2025
Members fired; replacements TBD
Possible ACA coverage implications if guidelines change

CDC Director Erica Schwartz

Faces headwinds on her support for evidence-based medicine and childhood vaccines
Agency reluctance to report measles deaths
Role on a 90-day task force examining staggered childhood vaccines
Agency has lost more than one-quarter of its staff



Agency news: California financing & research capacity

Waiver limits, funding deferrals and leadership vacancies converge

CA 1115 Medi-Cal waiver

Current waiver expires 12/31/26

Programmatic limits are expected following CMS national guidance in June

Cost-neutral requirements to receive increased scrutiny.

Funding Freezes and Deferrals

\$867.5 million in Medicaid reimbursements deferred in July, mainly due to growth in In Home Supportive Services claims

A \$10 billion freeze in social services funding across five blue states, including CA, was withdrawn following court action and discovery requests

OMB regulation poses existential threat to competitive grants—legal challenge expected

National Institutes of Health / National Institute of Allergy and Infectious Diseases (NIAID)

Eight of the top ten positions are vacant following firings

The agency was directed not to communicate with WHO during virus outbreaks, affecting real-time outbreak preparedness data

Post Elections Outlook

The baseline scenario points to divided control and policy gridlock

LIKELY OUTCOME

Divided control of Congress

Democrats take the House
Republicans maintain Senate control

Very few seats are contested

WHAT IT MEANS

- House oversight hearings on the administration
- Funding remains largely status quo
- Safety net protected from reconciliation cuts
- Repeal of H.R. 1 cuts faces an uphill climb

Questions?

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